

## § 1737.1

## 7 CFR Ch. XVII (1–1–07 Edition)

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AUTHORITY: 7 U.S.C. 901 *et seq.*, 1921 *et seq.*; Pub. L. 103–354, 108 Stat. 3178 (7 U.S.C. 6941 *et seq.*).

SOURCE: 54 FR 13356, Apr. 3, 1989, unless otherwise noted. Redesignated at 55 FR 39396, Sept. 27, 1990.

### Subpart A—General

#### § 1737.1 General statement.

(a) This part prescribes policies, procedures and responsibilities relating to applications for RUS loans to finance the improvement and extension of telephone service in rural areas. Requirements for both initial and subsequent loans are discussed, with differences pointed out.

(b) This part sets forth the policies, procedures, and requirements of RUS during the period from the receipt of a completed loan application until the advance of funds. This part sets forth the factors RUS considers in determining the characteristics of a loan, such as the amount of the loan, and conditions to the advance of funds. Involved in this determination are:

A loan budget, feasibility study, characteristics letter, loan recommendation, and release of funds. This CFR part supersedes all RUS Bulletins that are in conflict with it.

(c) See 7 CFR part 1735 on general loan policies, 7 CFR part 1737 for details on submitting a loan application, and 7 CFR part 1744 on the advance of funds.

#### § 1737.2 Definitions.

As used in this part:

*Access line* means a transmission path between user terminal equipment and a switching center that is used for local exchange service. For multiparty service, the number of access lines equals the number of lines/paths terminating on the mainframe of the switching center.

*Acquisition* means the purchase of another telephone system, lines, or facilities whether by acquiring telephone plant in service or majority stock interest of one or more organizations.

*Administrator* means the Administrator of RUS.

*Area Coverage* means the provision of adequate telephone service to the widest practical number of rural users during the life of the loan.

*Advance of funds* means the transferring of funds by RUS to the borrower's construction fund.

*Borrower* means any organization which has an outstanding loan made or guaranteed by RUS, on which is seeking such financing.

*Characteristics letter* means the letter informing the borrower of the characteristics of the proposed loan before the loan is recommended.

*Feasibility study* means the pro forma financial analysis performed by RUS to determine the economic feasibility of a loan.

*Forecast period* means the time period beginning on the date (base date) of the borrower's balance sheet used in preparing the feasibility study and ending on a date equal to the base date plus the number of years estimated in the feasibility study for the completion of the project. Feasibility projections are usually for 5 years, see §1737.70(a). For example, the forecast period for a loan based on a December 31, 1990 balance sheet and having a 5-year estimated project completion time is the period from December 31, 1990 to December 31, 1995.

*Guaranteed loan* means a loan guaranteed by RUS under section 306 of the RE Act bearing interest at a rate agreed to by the borrower and the lender.

*Hardship loan* means a loan made by RUS under section 305(d)(1) of the RE Act bearing interest at a rate of 5 percent per year.